

Dear Member,

Once again, Petit Jean Electric Cooperative Corporation continued its commitment to member service in a financially responsible manner. Our total margins of \$3,584,947 were adequate to meet the requirements of mortgage agreements. Member equity in the system was 39.4 percent at the end of the year. Members were refunded \$1,600,000 in cash to redeem patronage capital credits. The 2018 redemption brings the total capital credits refunded to members to \$20,760,000.

Bolinger, Segars, Gilbert & Moss, LLP audited our financial records. You are welcome to examine that report.

System statistics of interest include: average meters served, 19,992, a net increase of 61 meters; more than 3,500 miles of power lines; 322,181,824 kilowatt-hours used by members, up 46,207,116 kilowatt-hours from the previous year; a system peak demand of 104,446 kilowatts, recorded in the month of January; and a net plant valuation of \$79,658,043 at year's end.

Additional financial data and operations information is available in this annual report. If you have any questions concerning your electric cooperative, we are happy to answer them.

Donnie Collins
Donnie Collins, President

Fred Herman
Fred Herman, Secretary-Treasurer

Michael R. Kirkland
Michael Kirkland, CEO/General Manager

Annual Meeting Official Notice

Notice is hereby given that the Annual Membership Meeting of Petit Jean Electric Cooperative will be held on Thursday, May 23, 2019, at the headquarters in Clinton, Van Buren County, Arkansas, beginning at 6:00 p.m., for the following purposes:

1. To pass on reports for the previous fiscal year;
2. To elect two directors for the cooperative, to serve a term of five years each; and,
3. To transact such other business as may properly come before the meeting.

Fred Herman

Fred Herman, Secretary-Treasurer

Dated at Clinton, Arkansas, this 1st day of May, 2019.



**Petit Jean Electric
Cooperative Corporation**

Program

Registration: 5:30 - 6:00 p.m.

Business Session: 6:00 p.m.

This will be a business session only.

No attendance prizes will be awarded and there will be no entertainment.

2018 Annual Report



**A POWERFUL
HISTORY OF
POWERING YOUR
FUTURE.**



**Petit Jean Electric
Cooperative Corporation**

A POWERFUL HISTORY OF POWERING YOUR FUTURE.

Members Matter

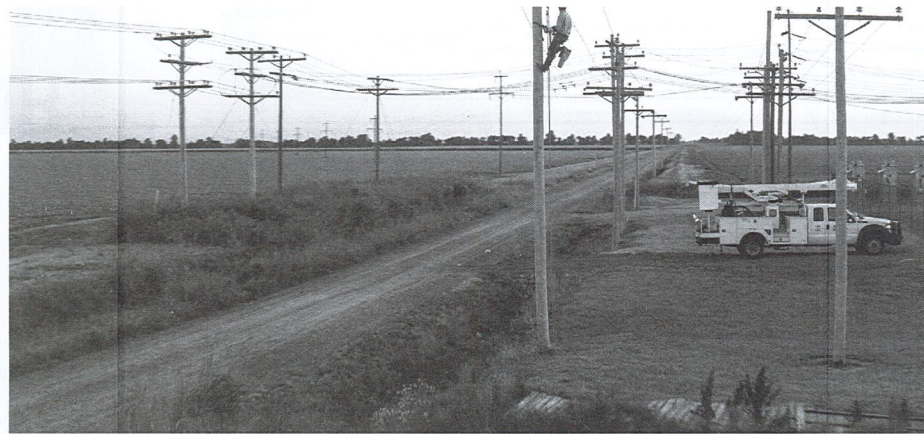
Petit Jean Electric Cooperative and its wholesale energy provider, Arkansas Electric Cooperative Corporation (AECC), were founded by visionary Arkansas electric cooperative members to ensure that electric cooperative members would have access to reliable and affordable power. The electric cooperative pioneers formed Petit Jean Electric Cooperative because the quality of life and future of electric cooperative members depended on them.

Although energy policies, demographics and governmental regulations have changed in the past six decades, one thing has remained constant — Petit Jean Electric Cooperative's continued commitment to its members. As a member-owned and member-driven organization, the policies and decisions made by Petit Jean Electric Cooperative have one focus: Members Matter.

Across Arkansas, 17 locally owned member distribution cooperatives provide electricity to approximately 500,000 homes, farms and businesses in Arkansas and surrounding states. These members account for approximately 1.2 million residents in the state of Arkansas, representing almost every community and spanning the geographic footprint of Arkansas' mountains, valleys, rivers, streams and farmland.

Strategic Vision

Since its founding, Petit Jean Electric Cooperative has utilized a consistent, long-term, strategic vision to ensure that members have access to reliable electric service at a reasonable price in a



responsible manner. Petit Jean Electric Cooperative works to ensure members have access to the most economical electric service possible through AECC, which has a diverse generation portfolio that includes coal, natural gas, hydroelectric assets and long-term power purchase agreements that include wind, solar and biomass energy sources. Decisions by the Petit Jean Electric Cooperative board of directors and leadership team are based on the ultimate short-term and long-term benefits to Arkansas electric cooperative members.

Service

Petit Jean Electric Cooperative and the state's other 16 electric distribution cooperatives assist the communities they serve by not only delivering power to businesses, farms and homes across Arkansas, but by helping to grow their communities through economic development efforts and supporting the business expansions and community initiatives. The cooperatives sponsor community fundraising, development and service events while employees devote hundreds of volunteer hours to projects.

Electric cooperative directors and employees know that strong communities coupled with reliable, affordable electric service provide the fuel for economic growth and a sustained quality of life. Petit Jean Electric Cooperative directors and employees serve as advocates for our communities and our members by constantly striving to assist Arkansans in every possible manner.

We are Arkansas

As members of 17 distinct electric cooperatives across the state, Arkansas' more than 1.2 million electric cooperative members are more than just customers. They own their local electric cooperative. As part of the structure of democratically controlled cooperatives, member directors have a vote in policy decisions and the electric cooperative leaders answer directly to their members.

Collectively, Arkansas' electric cooperatives represent the largest private business in Arkansas. This success has been powered by board members and employees who understand and implement the membership structure and philosophical vision that electric utility cooperatives exist wholly to serve their members. This mission and structure is the essence and lifeblood of the electric cooperative business model and community. Employees and members are also friends and neighbors. At Petit Jean Electric Cooperative members matter because that is who we are, We are Arkansas.



**Petit Jean Electric
Cooperative Corporation**

A POWERFUL HISTORY OF POWERING YOUR FUTURE.

2018 Annual Report Petit Jean Electric Cooperative Corporation

REVENUE AND EXPENSE STATEMENT* As of December 31

	2018	2017	2016
REVENUES			
Electric energy sales	\$33,478,096	\$29,355,850	\$29,936,037
Other electric revenue	302,485	677,961	579,504
Total Operating Revenue	\$33,780,581	\$30,033,811	\$30,515,541
EXPENSES			
Purchased power	\$16,760,718	\$16,120,329	\$16,381,816
Interest on debt to RUS / CFC / COBANK	2,035,935	1,894,166	1,920,916
Depreciation / amortization	3,314,255	3,114,724	3,037,174
Operation / maintenance / transmission expense	4,819,747	4,690,014	4,352,553
Consumer accounting / collecting / information	1,582,996	1,496,646	1,534,400
Administrative / general	2,144,960	1,992,347	1,976,403
Taxes	697,235	630,176	618,670
Other operating deductions	43,795	65,079	54,733
Total Expenses	\$31,399,641	\$30,003,481	\$29,876,665
MARGINS			
Operating margins	\$2,380,940	\$30,330	\$638,876
Capital credits and patronage dividends	631,353	570,031	423,942
Non-operating revenues	572,654	534,232	483,982
Total Margins	\$3,584,947	\$1,134,593	\$1,546,800

* As reported to Rural Utilities Service

BALANCE SHEET* As of December 31

	2018	2017	2016
ASSETS			
Cash on hand	\$385,012	\$592,430	\$955,473
Temporary investments	613,152	-	529,758
Investments in associated organizations	13,277,844	13,429,397	13,601,168
Accounts receivable	4,469,544	3,594,006	3,915,142
Inventory	588,327	580,770	504,894
Advance payments on insurance, etc.	150,265	144,471	146,888
Interest & miscellaneous deferred debits	1,000,492	1,250,553	1,500,664
Net utility plant	79,658,043	76,827,799	67,457,150
Total Assets	\$100,142,679	\$96,419,426	\$88,611,137
LIABILITIES			
Debt to RUS, CFC, and CoBank	\$52,135,807	\$49,020,505	\$43,045,473
Accounts payable	575,748	2,241,302	1,808,615
Accumulated operating provisions	3,883,405	3,992,384	3,588,864
Deposits & advances	1,319,292	1,353,999	1,276,148
Other deferred credits and accrued liabilities	2,772,752	2,777,120	1,658,081
Total Liabilities	\$60,687,004	\$59,385,310	\$51,377,181
MEMBERS' EQUITY			
Memberships	\$ 311,105	\$ 309,775	\$308,345
Total current year margins	3,584,947	1,134,593	1,546,800
Patronage capital	34,593,342	35,063,579	34,616,008
Other equities	966,281	526,169	762,803
Total Margins & Equities	\$39,455,675	\$37,034,116	\$37,233,956
Total Liabilities & Equities	\$100,142,679	\$96,419,426	\$88,611,137

* As reported to Rural Utilities Service

OFFICERS & DIRECTORS

Donnie Collins
President

Carrol D. Bradford
Vice President

Fred Herman
Secretary-Treasurer

Darrell Allen
Director

Jerel H. Brown
Director

Richard Collins, Jr.
Director

William F. "Bill" Derickson
Director

Terry Kirkendoll
Director

Charles Wood
Director

Michael Kirkland
CEO/General Manager



**Petit Jean Electric
Cooperative Corporation**

HOW IT WAS EARNED

Farm / residential	\$24,589,696	\$21,435,455	\$21,990,692
Commercial / industrial	8,094,660	7,206,442	7,179,065
Other sales to public authorities	694,410	617,302	670,475
Street / highway lighting	99,330	96,651	95,805
Other electric revenue	302,485	677,961	579,504
Total	\$33,780,581	\$30,033,811	\$30,515,541

HOW IT WAS USED

Power cost	\$16,760,718	\$16,120,329	\$16,381,816
Interest	2,035,935	1,894,166	1,920,916
Operation / maintenance / transmission	4,819,747	4,690,014	4,352,553
Depreciation / amortization	3,314,255	3,114,724	3,037,174
Administrative / general	2,144,960	1,992,347	1,976,403
Consumer accounting / collecting / information	1,582,996	1,496,646	1,534,400
Taxes	697,235	630,176	618,670
Miscellaneous	43,795	65,079	54,733
Operating margins	2,380,940	30,330	638,876
Total	\$33,780,581	\$30,033,811	\$30,515,541

SYSTEM STATISTICS As of December 31

	2018	2017	2016
Item			
Average number of meters billed per month	19,992	19,931	19,865
Average number of meters per mile of line	5.55	5.55	5.56
Average miles of power line in operation	3,599	3,588	3,576
Total kWh bought by cooperative members	322,181,824	275,974,708	292,912,575
Average monthly kWh usage by all members	1,343	1,154	1,229
Average monthly farm / home kWh usage	1,044	896	964
Average monthly revenue per member billed	\$139.55	\$122.74	\$125.58
Average revenue per kWh sold to members *	10.39¢	10.64¢	10.22¢
Average revenue per farm / home kWh sold *	10.91¢	11.13¢	10.65¢
Average power cost adjustment per kWh sold	1.17¢	1.28¢	99¢
Total kWh bought by cooperative	346,823,817	302,550,611	317,866,730
Total cost of power bought by cooperative	\$16,760,718	\$16,120,329	\$16,381,816
Average cost per kWh bought by cooperative	4.83¢	5.33¢	5.15¢
Power (kWh) required for system operation	24,641,993	26,575,903	24,954,155
System peak demand (kW)	104,446	85,003	84,259
Month of system peak demand	January	January	December
Total capital borrowed from RUS / CFC / COBANK	\$109,820,687	\$104,070,687	\$93,870,687
Total amount repaid to RUS / CFC / COBANK	\$53,215,582	\$51,222,704	\$49,306,667
Total interest paid to RUS / CFC / COBANK	\$57,372,908	\$55,336,889	\$53,438,532
Counties served and property taxes paid:			
Cleburne	\$6,698	\$8,700	\$8,616
Conway	54,900	61,148	60,709
Faulkner	46,291	47,198	46,869
Marion	435	562	560
Newton	3,353	4,345	4,317
Pope	7,213	9,347	9,310
Searcy	215,273	166,561	161,933
Stone	2,872	3,704	3,692
Van Buren	298,740	317,151	313,443
Total property taxes paid	\$635,775	\$618,716	\$609,449
Other taxes paid by the cooperative	1,460	1,460	1,460
Taxes accrued	60,000	10,000	7,761
Total tax expense	\$697,235	\$630,176	\$618,670

*After Patronage Capital Retirement